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Vice Chairman

Linda Breathitt  
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September 19, 2014

PARTIES OF RECORD

Re: Case No. 2014-00131

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter. If you have any questions, please contact Jim Livers at (502)782-2655.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen", with a long horizontal flourish extending to the right.

Jeff Derouen  
Executive Director

Attachments

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File – Case No. 2014-00131

**FROM:** Jim Livers, Division of Financial Analysis

**DATE:** September 19, 2014

**RE:** Informal Conference of September 15, 2014

Pursuant to a Staff Notice issued on September 3, 2014, an informal conference (“IC”) was held in this matter at the Commission’s office in Frankfort, Kentucky on September 15, 2014. The purpose of the IC was to discuss the potential impact, if any, of the imminent departure of nine municipal wholesale customers on the joint load forecast and resource assessment plan included in the integrated resource plan that is the subject of the instant proceeding. A list of attendees is attached to this memorandum.

At the beginning of the IC, representatives of Louisville Gas and Electric Company and Kentucky Utilities Company (collectively “the Companies”) provided a handout which addressed changes that have occurred since the Companies’ filing of their 2014 Integrated Resource Plan (“IRP”), the effect these changes have on the 2014 IRP, and the Companies’ proposed updates to the 2014 IRP. A copy of the handout is attached to this memorandum.

The Companies discussed the impacts to the IRP caused by the loss of a 325 MW load in 2019 due to the departure of nine municipal customers. The Companies stated that the loss represented four to five percent of the Companies’ peak system load. In addition, the Companies stated that due to the loss of the municipal load, the Green River 700 MW Natural Gas Combined Cycle (“NGCC”) unit, originally proposed in Case No. 2014-00002, will not be built in 2018 as assumed in the 2014 IRP. The Companies noted these developments result in a load forecast that is similar to the low load scenario developed as part of the Companies’ 2014 IRP. The Companies also stated that due to the loss of the municipal load, the Companies’ reserve margin will be adequate in 2019 as the IRP evaluated resources post-2018. However, the Companies stated that during the interim years, from May 2015 through April 2019, the Companies plan on having a mid-term solution to address any reserve margin issues during the interim years.

The Companies stated that most of the 2014 IRP is unaffected by the change in municipal load and that, as was the case when the IRP was filed, its expansion planning analysis favored natural gas combined cycle technology and included the potential impact of carbon regulations. The Companies proposed that the IRP would be updated to include a revised load forecast taking into account the reduction of the municipal load. The load forecast will include a revised baseline forecast as well as revisions to the high and low load scenarios. In addition, the Companies will revise the resource

planning to remove the Green River NGCC and include the solution to address the interim reserve margin issue. The Companies will file the supplemental information by October 17, 2014.

The Companies also distributed a proposed procedural schedule, a copy of which is attached. The Intervenors and Commission Staff indicated that the proposed dates appeared reasonable. Further, Commission Staff stated that a procedural schedule would be issued in the week following the IC.

Finding that no party had any further questions, the conference was adjourned.

Attachments:

Attendance List

Informal Conference Handout

Proposed Procedural Schedule Dates

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

2014 JOINT INTEGRATED RESOURCE )  
PLAN OF LOUISVILLE GAS AND ) CASE NO. 2014-00131  
ELECTRIC COMPANY AND )  
KENTUCKY UTILITIES COMPANY )

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September 15, 2014 Informal Conference

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Please sign in:

NAME

REPRESENTING

Quang D Nguyen

PSC

Kurt Fehm

KIUC

Bethany Baxter

Sierra

Amya Sturgeon

LG+E / KU

JEFF JOHNSON

PSC

Bob Russell

PSC

Matthew Boer

PSC

Rick Leekamp

LG+E / KU

CHUCK SCHRAM

LG+E / KU

Don Harris

LG+E / KU

Gregory Dutton

OAG

Larry Cook (by phone)

--

Tim Livers

PSC



**PPL companies**

# **2014 IRP Update**

*Case No. 2014-00131  
Informal Conference  
September 15, 2014*

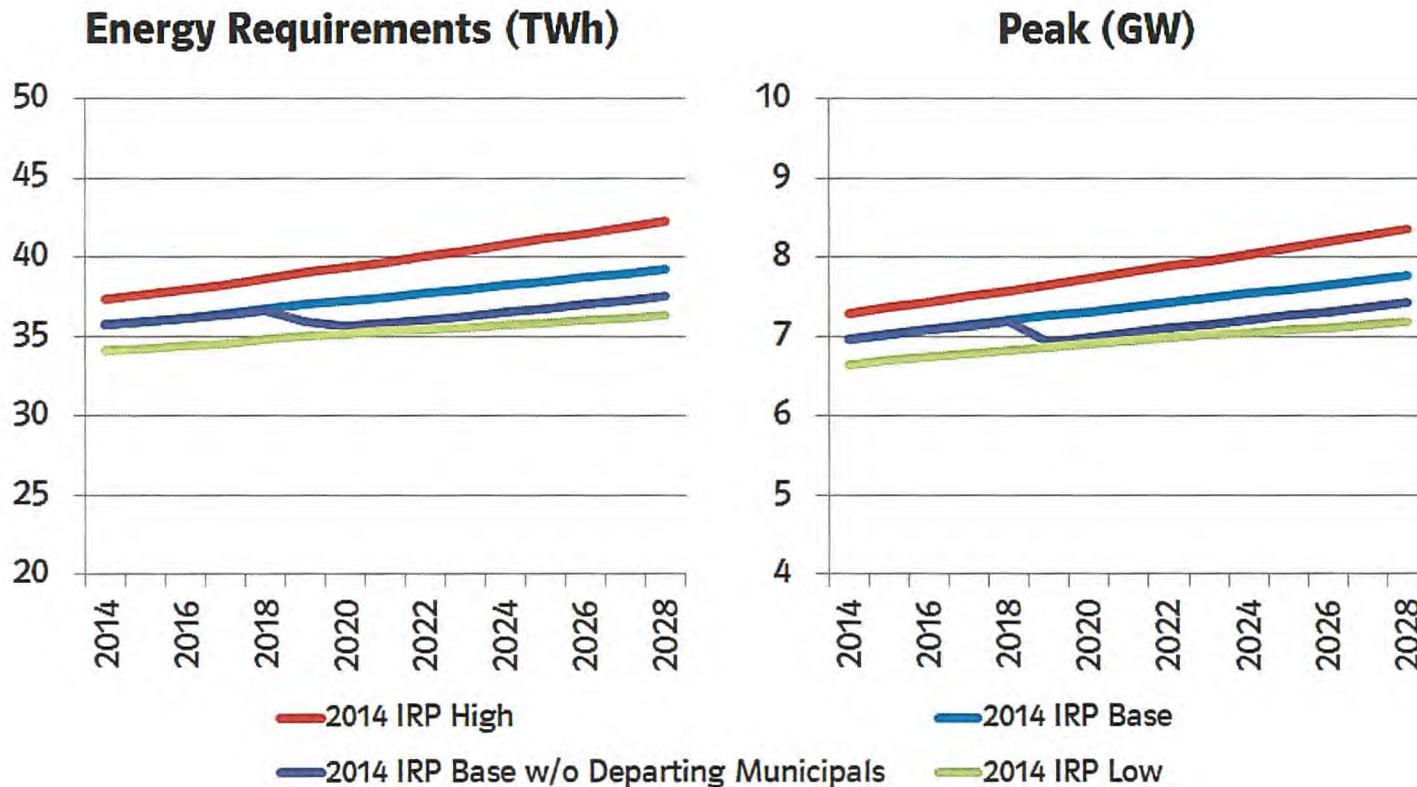
# Agenda

- *Introductory remarks*
- *Summary of developments since the Companies filed the 2014 Integrated Resource Plan ("IRP")*
- *Effect of these developments on the 2014 IRP*
- *Next steps*
- *Discussion and questions*

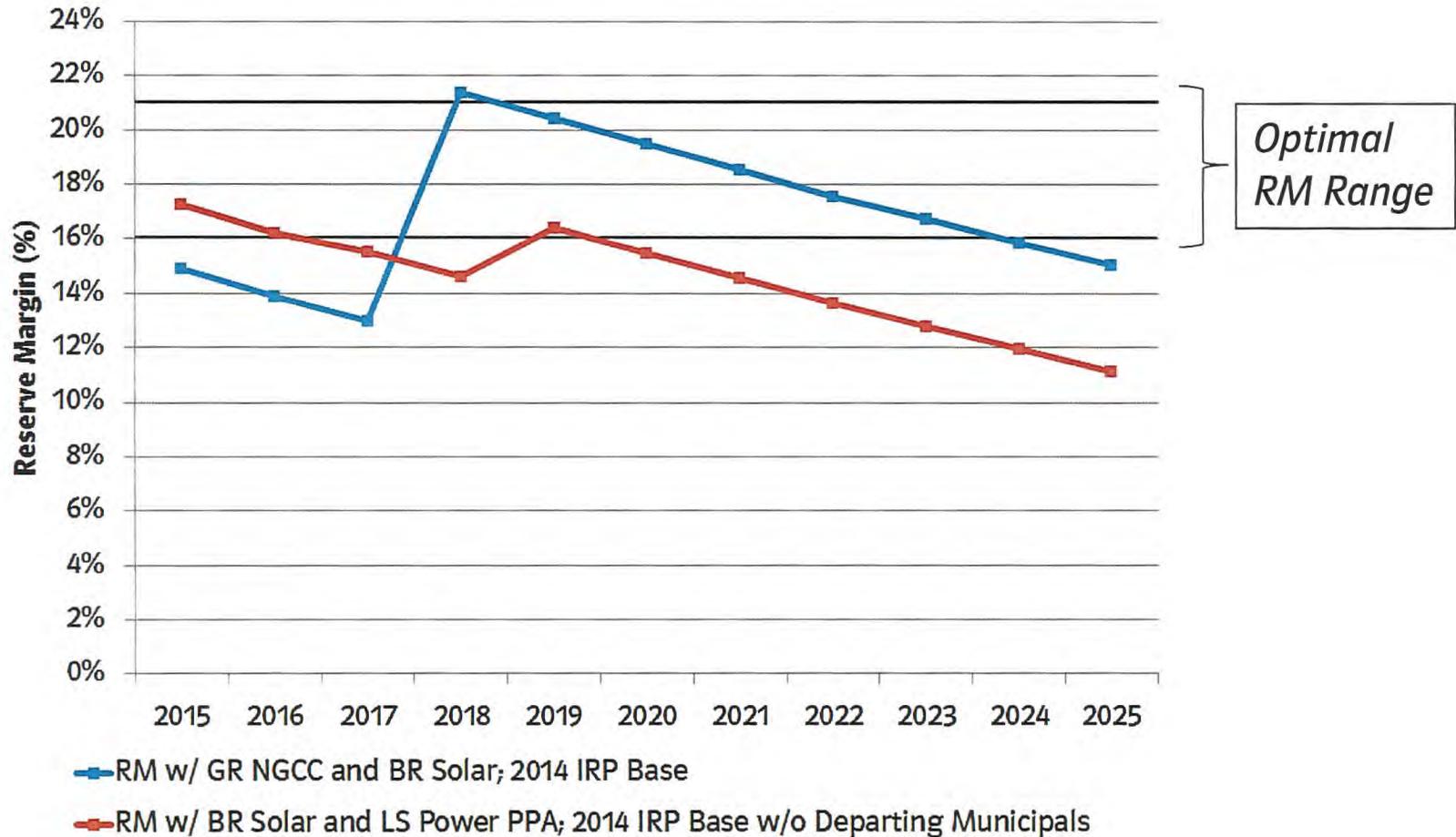
# What has changed since the 2014 IRP filing?

- *In April 2014, nine of KU's municipal customers gave notice of termination, effective April 2019*
  - *Peak demand reduction of ~325 MW*
- *Green River 700 MW NGCC will not be built in 2018 as included in 2014 IRP*
  - *2014 IRP evaluated resources post-2018*

# Municipal customer departures result in load similar to the 2014 IRP's Low Load scenario



# Change in municipal load and Green River NGCC plans result in next capacity need in 2020



# Most of 2014 IRP is unaffected by the change in municipal load

- *Load forecasting methods and models as well as results of non-municipal load forecasts*
- *DSM/energy efficiency considerations*
- *Transmission system considerations*
- *Commentary regarding environmental regulations, R&D efforts, and plant maintenance*
- *Optimal Reserve Margin Analysis*
- *Supply-Side Screening Analysis*
- *Expansion planning models and methods*
- *Key takeaways from expansion planning analysis*
  - *Favorability of NGCC technologies*
  - *Potential impact of carbon regulations*

# In the 2014 IRP, NGCC units were selected in the majority of scenarios

CO <sub>2</sub>	OC	OC	OC	MC	MC	MC	Cap	Cap	Cap
Load	BL	BL	BL	BL	BL	BL	BL	BL	BL
Gas Price	LG	MG	HG	LG	MG	HG	LG	MG	HG
2014									
2015	CR7	CR7	CR7	CR7	CR7	CR7	CR7	CR7	CR7
2016	BRS	BRS	BRS	BRS	BRS	BRS	BRS	BRS	BRS
2017									
2018	GR5	GR5	GR5	GR5	GR5	GR5	GR5	GR5	GR5
2019									
2020				Ret BR1-2 1x1G(1)	Ret BR1-2 1x1G(1)	Ret BR1-2 2x1G(1)	Ret BR1-2 2x1G(1)	Ret BR1-2 2x1G(1)	Ret BR1-2 2x1G(1)
2021									
2022				2x1G(1)	2x1G(1)				
2023									
2024									
2025	2x1G(1)	SCCT(1)	2x1G(1)						
2026									
2027		SCCT(1)							
2028									Wind(4)

CO<sub>2</sub>: Zero (OC), Mid (MC), Mass Emissions Cap (Cap) Load: Base (BL) Gas Price: Low (LG), Mid (MG), High (HG)

# Proposed IRP update addendum

- *Remove municipal load from load forecasts*
- *Revise expansion plans including adjustments for:*
  - *Removal of Green River NGCC*
  - *Inclusion of LS Power PPA*

# Next Steps

- *Discuss proposed procedural schedule*
- *File supplemental material on October 17*

**Case No. 2014-00131**

**September 15, 2014 Informal Conference**

**Proposed Procedural Schedule**

The Companies shall file supplemental material, no later than .....	10/17/14
Intervenors and Commission Staff may serve interrogatories and requests for production of documents on LG&E/KU no later than.....	11/07/14
LG&E/KU shall file with the Commission and serve upon parties of record Responses to interrogatories and requests for production of documents no later than .....	11/21/14
Intervenors and Commission Staff may serve supplemental interrogatories and requests for production of documents on LG&E/KU no later than.....	12/05/14
LG&E/KU shall file with the Commission and serve upon parties of record Responses to supplemental interrogatories and requests for production of documents no later than .....	12/19/14
Any party desiring to file written comments on the LG&E/KU IRP shall do so no later than .....	01/09/15
LG&E/KU shall file any written responses to the comments no later than .....	01/23/15